

The Peacekeeping Economy:
Using Economic Relationships to Build
A More Peaceful, Prosperous and Secure World¹

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Introduction

One of the most important, wide reaching and long-lasting sources of economic insecurity is the deterioration of political security. A secure and stable political environment is a necessary pre-condition for a prosperous, productive and secure economy. It is only necessary to have a glance the state of the economy in the many places in the world that have been continually wracked by political violence --- up to and including war --- to become convinced that these two types of security are intimately linked.

In the hard-nosed realities of this world, political security is primarily a matter of relationships, not military power. That is easy enough to demonstrate. During the whole of the Cold War, the American military spent a great deal of effort and trillions of dollars building weapons and structuring forces to deter the Soviet Union from attacking the U.S. or its major allies with nuclear weapons. During much of that time, both France and Britain had enough nuclear capability to deliver a devastating, perhaps terminal attack against the U.S. Yet we spent little or no time or resources worrying about or preparing for a British or French attack. The reason for that difference is obvious. The relationship between the U.S. and the Soviet Union was hostile, while the relationship between the U.S. and Britain or France was friendly. And when the Cold War finally ended and the relationship between Russia and the U.S. became much more cordial, very few Americans --- in or out of the military --- continued to worry much about a Russian nuclear strike. Yet the Russian military remained every bit as capable of destroying the U.S. as it had been during the Cold War. It still is, and now that the relationship between Russia and the U.S. is once more beginning to deteriorate, we are once again beginning to get worried.

Furthermore the U.S has never been all that concerned about the nuclear arsenal of Israel, a nation with which we have close ties, but we went to war in Iraq in 2003 citing what turned out to be mistaken fears that the hostile Iraqi government was trying to develop weapons of mass destruction. Today the U.S. is very worried about the possibility that a hostile Iran may be trying to build a nuclear arsenal. It certainly is true that security is primarily a matter of relationships.

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As in the Korean peninsula, a military standoff can give the appearance of peace, but there is always an undercurrent of insecurity as long as the underlying relationship is hostile. Security cannot be complete until there is peace, and peace is more than just the absence of war. It is also the absence of imminent threat of deadly violence and war.

Though Israel and its various enemies have fought a number of short wars over the past sixty years, for most of that time, they have not been actively engaged in warfare. But they have lived virtually all of that time in fear and under constant threat of the active eruption of violence and war. No sensible person would say that the Israelis and the people of most of the surrounding countries (most assuredly including the Palestinians) live in peace. Until they and the people of the Korean peninsula are able to change the nature of their relationship with their now hostile neighbors, they will not truly be at peace and they will not be fully secure.

Many specialists in international relations tend to think of force or the threat of force as the most effective way to provide security because they believe it is ultimately the most effective way of influencing behavior. But economists tend to think of influencing behavior primarily through incentives. Assuming that people are rational and goal driven, they will voluntarily modify their behavior when incentive structures are altered as a result of changes in the conditions they face. They do not have to be threatened or coerced. The key to influencing behavior is creating conditions in which the behavior *desired* is the behavior that those involved would *voluntarily* choose in pursuit of their own goals.

Looking at the world through an economist's eyes, there is no particular reason why this basic approach cannot be applied to influencing the behavior of nations. The problem is to define a set of conditions that will generate stronger positive incentives for nations to keep the peace, and then to work out a set of policies and institutions capable of creating those conditions. That is admittedly a formidable task. It is at the core of the book I am currently writing, the working title of which is the same as the title of this talk.¹ But it should help make possible a shift away from reliance on the threat or use of military force toward less coercive and more effective means of achieving peace and security through economic relationships.

The Meaning of Peace

What does "peace" mean? To those who have been subjected to years of war, peace is not an idealized, esoteric or complicated concept. It is the simple and practical matter of being able to go about the ordinary business of economic and social life without the constant threat of destruction of property, violent injury or death. This simple definition of peace is what Johan Galtung referred to as "negative peace", peace as the absence of war.

But Galtung argued that there was a richer, more complex meaning of peace, "positive peace". It is not bullets and bombs alone that kill and maim people. There is also such a thing as "structural violence", violence that is built into the structure of political, social and economic systems. People who die of malnutrition in a world with more than enough food; who are blinded, crippled or killed by preventable diseases; who become the targets of vicious crimes committed by desperate, marginalized people that have lost their sense of humanity --- these are

not the victims of war. They are the victims of structural violence. Yet they are just as damaged, just as dead as those we count as war casualties.

In other words, *positive peace is more than just the absence of war. It is the presence of decency.*

If we adopt this deeper, more comprehensive concept of peace as the elimination of war *and* structural violence, it is even more obvious that economics has a powerful --- and critical --- role to play in making and keeping the peace.

Basic Principles of an International Peacekeeping Economy

In the late 1970s, Kenneth Boulding, former President of the American Economics Association, put forth what he called the “chalk theory” of war and peace.² A piece of chalk breaks when the strain applied to it is greater than its strength, i.e. its ability to resist that strain. Similarly, war breaks out among (or within) nations when the strain on the international (or domestic) system exceeds the ability of that system to withstand the strain. Therefore, anything that increases strain or weakens resistance to that strain adds to the probability of war; anything that reduces strain or increases the ability of the system to withstand strain helps keep the peace.

For economic relationships to make their greatest contribution to peace, there must be a potent combination of economically based strain-mitigating and strength-enhancing strategies. That sounds more complicated than it actually is, at least in concept. It comes down to a handful of basic principles that define the character of peacekeeping economic relationships. The first and by far the most important of these is that the relationships must be balanced and mutually beneficial.

Principle I: Establish Balanced Relationships. There has been a longstanding debate in the political science literature between the so-called “liberals” and the so-called “realists” as to whether economic relationships prevent or provoke war. The “liberals” claim that higher levels of international economic activity help keep the peace; the “realists” claim that they create conflict and war. These perspectives seem utterly contradictory, but I believe they are both right. Economic activity can make war either more or less likely. Which it actually does depends crucially on the nature of the relationship, not just the extent of the activity. Unbalanced, exploitative relationships tend to increase the number and severity of conflicts; balanced mutually beneficial relationships tend to reduce them.

A relationship is “balanced and mutually beneficial” if its benefits flow to every participant and there is a rough equality between everyone’s contribution to the relationship and the benefits they get.³ A balance of benefit implies that those who participate are compensated in a way that truly reflects the value of their contribution rather than differences in their bargaining power. Unbalanced, exploitative relationships are thus those in which the flow of benefit is overwhelmingly in one direction, and does not correspond to relative contribution.

The enormous trade imbalance between the United States and China, for example, is not proof that the two nations have an unbalanced exploitative economic relationship. The U.S. may

be buying a much larger dollar value of goods from China than China is buying from the U.S., but if the U.S. is paying China a price that reflects the true value of the goods it is purchasing, and China is paying the U.S. a price that reflects the true value of the goods it is purchasing, their trading relationship is balanced, mutually beneficial, and thus unlikely to provoke war. A fair trading price is the price that would be paid with open competition and no distortions resulting from differences in economic or political power between the trading partners.⁴

There is some interesting evidence from the field of experimental economics that people intuitively understand the importance of treating others fairly in economic transactions, if only out of self-interest. The Ultimatum Game (UG) is a one-time, two person game in which one person, the Proposer, makes an offer to divide a sum of money (say \$100) provided by the Experimenter with another person, the Responder, in a specified proportion --- say 60%-40%, or 90%-10%. If the Responder accepts the offer, they divide the money the way the Proposer suggested; if the offer is not accepted, neither gets anything.

After running this experiment many times in various countries under various conditions, the researchers noted that rather than trying to get a very lopsided deal, the majority of Proposers offered the Responders 40% to 50% of the sum of money, and about half of the Responders rejected any offer below 30%.⁵ We can't be sure whether most Proposers made a relatively balanced offer out of a belief in fairness or out of pure self-interest. But it is very clear that half the Responders preferred to walk away empty-handed rather than accept an offer they considered really unfair.

If any party to an unbalanced relationship is suffering a net loss, that party will certainly feel ill used and hostile. But even if everyone is gaining something, the fact that the vast majority of benefit flows elsewhere is likely to irritate those who receive less value than they contribute. There is certainly little or no incentive for them to work at resolving whatever conflicts might occur, economic or otherwise. If they come to see disruption of the relationship as key to rebalancing it or replacing it with a more beneficial relationship with a different partner, they will be ready to raise the intensity of those conflicts --- in extreme cases, even to the point of war. It is not necessary to look any farther than the revolution that gave birth to the United States for an example of the power of economic exploitation (or even the perception of such exploitation) to provoke antagonisms that can lead to war.

Balanced economic relationships have the opposite effect. Since everyone gains benefit at least equal to their contribution, out of pure self-interest no one wants to see the relationship disrupted, let alone wants to take deliberate action to disrupt it themselves. When conflicts occur, they will try hard to settle them amicably. If their partners come under external stress, they have an incentive to help relieve, rather than exacerbate, the pressure. In this situation, everyone in the relationship will feel more secure, and no one will need to expend extra effort and expense just to keep it going. Put simply, *a balanced relationship is a more efficient relationship: the benefits are achieved at a much lower cost.*

Adam Smith saw this clearly more than 230 years ago. In The Wealth of Nations (published in 1776), in a discussion related to the British colonial empire, Smith wrote:

“Under the present system of management... , Great Britain derives nothing but loss from the dominion which she assumes over her colonies.

... Great Britain should voluntarily give up all authority over her colonies... [She] would not only be immediately freed from the whole annual expense of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the [British] people... than the monopoly which she at present enjoys.”⁶

Furthermore, when the gains are more fairly divided, the economic growth and development of all of the parties to the relationship is stimulated. Resources are more effectively used; producers become more productive; the size of the market grows. As a result, they have more to offer each other as time goes by, both as sources of products and as sources of profits.

Unbalanced, exploitative economic relationships are something like a zero sum game, a game of redistribution (such as poker) where the gains of one party are achieved at the expense of another. But balanced, mutually beneficial relationships do not simply divide up a fixed pie of benefit; they help the pie to grow. Balanced relationships distribute the gains of the larger pie in a way that is more likely to create a “virtuous circle”, a positive feedback loop that keeps the pie growing. The advantages of balanced relationships grow over time.

Beyond this, when two nations are engaged in an expanding web of balanced mutually beneficial economic interactions, more and more people in both countries have increasing contact as a natural consequence of engaging in economic activity together. They need to exchange emails, talk on the telephone, and even have face-to-face meetings simply to coordinate their activities. At first these contacts may be stilted, formal and focused on the business at hand. But people are people, and eventually their social interactions will lead them to begin to know each other better. They will spend more time in each other’s country and almost inevitably become more familiar with each other’s life circumstances. Sometimes they won’t like each other. But more often than not, this increased contact will melt away the stereotypical images they may have had of each other and lead to a greater understanding and empathy. Some friendships will be made, and long-held suspicions --- even enmities --- are likely to slowly disappear.

Even when gains are balanced, if the process involved in making key decisions relative to a relationship is unbalanced, those with less input and control are likely to feel that they are unduly dependent on the good will of others. Believing that the terms of the relationship are subject to arbitrary, unilateral change creates insecurity and weakens commitment. When decision power is more equally shared, everyone involved has ownership in the relationship. It is their property, not simply a gift someone has bestowed upon them and can just as easily withdraw. Every participant will therefore be motivated to take care of the relationship, to insure its continuation and success. This cannot help but strengthen the incentives of all participants to find peaceful ways of settling their conflicts with each other.

This idea may seem more at home in psychology, but it is actually a central tenet of free market economics as well. When you think about it, it is the reason so much emphasis is placed on private property. After all, property is an asset that can provide continuing economic benefits. As a

result, the private owners of property have a strong personal incentive to maximize the flow of those benefits by caring for it properly and using it efficiently --- an incentive that works to the benefit of the society as a whole. Similarly, because a balanced economic relationship is an asset that can provide continuing economic benefits, each of the “owners” of the relationship also has a strong incentive to maximize the flow of benefits by caring for it properly. In either case, that incentive would be much weaker for any participants who did not have meaningful control over the asset and therefore had no way of influencing decisions that might reduce or completely halt the flow of benefits to them.

When decision power is balanced in a relationship, all participants have a sense of security because they know that they will be directly involved in any decision to change the rules or character of the relationship.⁷ This will not necessarily prevent all changes that at least temporarily reduce their gains or increase their costs. But it will assure them that no changes will occur without their input, and perhaps (depending on the agreed decision rules) their consent. It is easier for anyone who has been a full partner in deciding to make a change to accept it without undue hostility, even if it hurts. Painful change that is coerced or imposed is an entirely different thing. (Remember, the famous slogan of the American Revolution was not “No taxation”, but rather “No taxation without representation”)

There are thus two aspects of balance in international economic relationships that are key: 1) balance of benefits; and 2) balance of decision power. Balance of benefits is the most important to the power of international economic relationships to keep the peace. The lack of this kind of balance is virtually the definition of exploitation. But balance of decision power is also important, since it is what makes participants in these relationships see themselves as partners, rather than subordinates.

When economic relationships are balanced in both these senses, current gains and the prospect of still greater gains in the future create strong self-interested incentives to settle the conflicts that inevitably arise more peacefully.⁸ As those conflicts are successfully resolved time after time, the idea of allowing them to fester to the point of violent confrontation comes to seem more and more absurd. The thought of brandishing the threat of war against valued economic partners slowly recedes, and war itself ultimately comes to be seen as unnecessary, undesirable, and inherently counterproductive.

The European Union. The effectiveness of mutually beneficial, balanced economic relationships in keeping the peace is illustrated by the development and growth of today’s European Union (EU). The EU began as the European Coal and Steel Community formed by six nations shortly after World War II (1952), with the deliberate purpose of trying to build economic bonds (especially between France and Germany) to make the outbreak of war among them less likely.⁹ By the mid-1980s, the dozen nations that belonged to the EEC included Belgium, France, Germany, Great Britain, Italy, the Netherlands, Portugal and Spain. These nations have fought countless wars with each other over the centuries (including World Wars I and II), and were also major colonial powers that militarily dominated and exploited much of the rest of the world. Yet today, if you were to ask the leaders (or the citizens) of any of these countries the odds of their countries fighting a war with each other over the next fifty years, they wouldn’t even consider it a sensible question.

It is not as if these countries no longer have conflicts with each other. They have many, economic and otherwise, some of them very serious. In the last few years alone, there were major disagreements over the banning of British beef by other EU member states as a result of the outbreak of “mad cow” disease in Britain; ongoing squabbles over the adoption of the single European currency (the euro); and a sharp split over the 2003 war in Iraq (with the governments of Britain, the Netherlands and Spain strongly in support and those of France, Germany and Belgium strongly opposed).

But all the EU nations understand that the network of balanced, mutually beneficial economic relationships they have created gives them a strong stake in finding ways to manage, if not to resolve, the conflicts they have with each other. They simply have too much to lose to let their disagreements get out of control. So they debate, they argue, they shout. But they no longer threaten, or even think about threatening each other militarily, let alone actually going to war. With all of its problems, the EU is a clear piece of evidence that using properly structured economic relationships to build and keep the peace between former enemies is an eminently practical and achievable enterprise.

Principle II: Emphasize Development. The poverty and frustration of so many of the world's people is a fertile breeding ground for violent conflict. There have been well more than 120 wars since the end of World War II, taking more than twenty million human lives. Nearly all of them have been fought in developing countries. People in desperate economic straits tend to reach for extreme solutions. They are much more easily manipulated by demagogues. Violent disruption is more threatening to people in good economic condition because they have a lot more to lose. Therefore, emphasizing inclusive and widespread development is important to inhibiting the outbreak of war.

There are many reasons why war erupts, and therefore few grounds for believing that, by itself, even a vast improvement in everyone's material wellbeing would put an end to war. But encouraging inclusive and widespread development is important to giving the largest possible part of the world's population a direct, obvious, and personal stake in avoiding disruptive explosions of violent conflict. Development helps keep the peace by strengthening resistance to the outbreak of war, as well as reducing one source of strain that can directly or indirectly lead to war --- the frustration and hostility of those who are economically deprived and politically marginalized.

Emphasizing development is not only important to inhibiting both interstate and intrastate war. It is also a useful counter-terrorist strategy, despite the fact that many terrorists are neither poverty stricken nor uneducated.

All but the craziest, most isolated terrorists (such as Ted Kaczynski, the Unabomber) depend on support, at least for their cause if not their tactics. They have to recruit operatives. They also have to be able to move around, coordinate activities, take care of logistics, and find secure places to train and to store materiel. This is much, much easier to do the wider their base of support.

To recruit reliable operatives and build support networks, terrorist groups must have a cause that can convince “normal” people to engage in or support acts of horrific violence they would not otherwise condone. They need a powerful rallying cry to enable the group to recruit people who may not themselves be in desperate straights, and motivate them sufficiently to get them to take extreme, perhaps terminal risks.

Unfortunately, there seem to be a number of causes that work well enough in practice. Most, if not all, involve calls to the service of a disadvantaged group or to a force greater than the individuals being recruited or solicited for support. If people can be made to feel that by engaging in (or supporting) terrorism they become the avengers of a great wrong done to “their people”, they can be made not only ready but eager to perpetrate or support horrific acts of violence against innocent people who have never directly done them any harm.

Development can be an effective counter-terrorist approach, *not* because terrorists or their financial supporters are necessarily economically desperate, but because raising the economic wellbeing and political status of the larger group of which the terrorists and their supporters feel part makes it harder to recruit operatives and weakens support. Development can help dry up both the pool of potential terrorists and the wider support for terrorist groups that is vital to their operation.

The best way to deal with terrorism in the short run (and the only way to deal with the terrorism that arises from individual mental illness or group psychosis) is not development, but rather first-rate intelligence and police work. But economic and political development is an effective way to undermine crucial elements of terrorist support systems in the long run.

Real progress in generating sustained improvement in the material conditions of life for the vast majority of people in the developing countries helps undermine terrorism and strengthen incentives to avoid war, while also reducing structural violence and thus building positive peace.

Principle III: Minimize Ecological Stress. There is no question that competition for depletable resources generates conflict. The desire to gain (and if possible monopolize) access to raw materials and fuels was one of the driving forces behind the colonization of much of the world by the more economically and militarily advanced nations in centuries past. This competition continues to bring nations and groups within nations into conflicts of the most dangerous kind --- those in which at least one party believes that the continued economic wellbeing, political sovereignty or even survival of its people is at stake.

Whether or not oil motivated the U.S. led invasion of Iraq in 2003, there is little doubt that Middle East conflicts would be much less likely to lead to military action by the major powers if it were not for oil. The considerable difference among the reactions of those powers to slaughter in Rwanda, aggression in Bosnia, hostility in Iraq and brutal war in Liberia may have a variety of causes, but the presence or absence of oil is certainly one of them. In the 20th and early 21st century the most contentious resource conflicts might have been over oil, but in the mid to late 21st century it may be that the most stress-generating resource conflicts will be over water.

Furthermore, the air and the water do not recognize the artificial lines that we have drawn on the earth to separate ourselves from each other. Trans-border pollution itself may not lead to war, but it has already generated considerable conflict and has the prospect of generating a great deal more. Widespread international hostility to the U.S. decision to abandon the Kyoto accords, for example, is in no small measure due to the dramatic effect that continued trans-border pollution by “greenhouse gases” is likely to have on climate change, imposing potentially enormous long run costs on the world economy. Every additional source of tension contributes to the strain on the international system and therefore to the likelihood that other sources of conflict will lead to the eruption of violence.

Some have argued that the expansion of economic activity itself is inconsistent with maintaining environmental quality, that modern production techniques and consumption activities generate an unavoidable degree of ecological stress. While there is some truth to this, the levels of economic wellbeing to which the people of the developed countries have become accustomed can be maintained, improved and extended to the people of the developing nations without even generating current levels of environmental damage. Accomplishing this feat requires: 1) a great deal more attention to the efficient use of natural resources; 2) the development and extensive use of pollution-abating technologies and procedures; and 3) a substantial shift toward qualitative, rather than quantitative economic growth, particularly on the part of the developed countries.

Using natural resources more efficiently requires more intensive and widespread recycling, improving the design and operation of energy-using systems, and greater reliance on ecologically benign, renewable energy and material resources. Recycling materials dramatically reduces resource depletion, transforms solid wastes into useful material, and saves energy. More than 30 years ago in my first book, The Conservation Response, I estimated that improved design and operation of energy-using systems with existing technologies could reduce energy consumption in the U.S. by 30%-50% without sacrificing living standards.¹⁰ The further development of renewable resources will provide supplies of energy and materials that can sustain economic activity indefinitely.

The development and use of improved pollution-abating technologies and procedures means better filtration, waste treatment and other after-the-fact cleanup. But it also means the development and use of less environmentally damaging production and consumption technologies, ultimately working toward mimicking natural ecological systems in which the waste of one process becomes the feedstock of the next in an endless cycle.

Finally, continuing to think of economic growth mainly in quantitative terms is foolish and unnecessary. Standards of living are also raised by improvements in the quality of goods and services. Shifting attention to qualitative growth will allow the developed nations to reduce their appetite for nonrenewable resources, helping to make their continued growth indefinitely sustainable. It will also reduce environmental pollution and create space for the quantitative expansion of goods and services still required in many developing nations.

Maximizing energy efficiency, developing renewable, ecologically benign energy and material resources, and recycling will not only improve the quality of the environment, but also reduce international conflict and strain on our ability to keep the peace.

Conclusion

If we insist on continuing to think about security primarily in narrow military-oriented terms, we will be stuck with the enormous expense of equipping and maintaining very large military forces that have in recent years proven less than completely effective, if not counterproductive, in furthering our national interests and thus our national political and economic security. Even if we are doing the best we can under existing circumstances, we will miss the chance to realize the enormous security gains that could be achieved at dramatically lower cost by using economic peacekeeping to change those circumstances for the better. We simply cannot allow ourselves to be trapped by an unwillingness to think broadly and act boldly.

Economic peacekeeping cannot be guaranteed to work all the time, but then no security strategy works all the time. Certainly strategies that rely primarily on the threat or use of military force to keep the peace have failed repeatedly, as is made clear enough by the long history of armed confrontations that have sooner or later erupted into war. But in the daily operation of the European Union we see evidence that economic peacekeeping is a practical and effective strategy for building security and keeping the peace.

Peace becomes possible when peace becomes practical. When it becomes clear to all of the parties involved that they can better achieve their objectives and address their needs through peaceful means, the prospects for lasting peace are strengthened. The widening zone of stable peace and economic prosperity in Europe that has resulted from the establishment of the European Coal and Steel Community and its metamorphosis into the expanding European Union of today is one clear example. There is every reason to believe that what the EU has accomplished among its members in Europe can be accomplished elsewhere by similar means.

By learning to put aside the idea that force and threat of force is ultimately the most effective means of affecting international behavior and adopt instead the economist's perspective that behavior is best influenced by creating incentives and opportunities for mutual gain, we can create a web of international economic relationships that not only serves our material needs, but also provides strong positive incentives to make and keep the peace. And rather than a world of deepening inequality and growing insecurity, we can build a world that is at once more equitable, peaceful, prosperous and secure.

¹ The book manuscript on which I am working, [The Peacekeeping Economy: Using Economic Relationships to Build a More Peaceful, Prosperous, and Secure World](#), includes much more discussion and analysis of the principles of economic peacekeeping, how to implement them, and the kinds of institutions that would be useful in supporting them. For a brief discussion of several of the basic principles of a economic peacekeeping, see Dumas, Lloyd J., "An Economic Approach to Peacekeeping and Peacemaking", [The Economics of Peace and Security Journal](#) (June 2006, Vol.1, No.2, <http://www.epsjournal.org.uk/Vol1/No2/issue.php>). An earlier but somewhat more detailed discussion can be found in "Economics and Alternative Security: Toward a Peacekeeping International Economy", in Burns Weston, editor, [Alternative Security: Living Without Nuclear Weapons](#) (Boulder, CO: Westview Press, 1990).

² Boulding, Kenneth E., *Stable Peace* (Austin: University of Texas Press, 1978).

³ This concept of balance and benefit is consistent with Aristotle's dictum that "the well-being of every polis depends on each of its elements rendering to others an amount equivalent to what it received from them", though in a very different context. (See Aristotle, [Politics](#), translated by Earnest Barker. London: Oxford University Press, 1958, p.41).

⁴ This concept of balance is a combination of fundamental ideas of equity and the economist's notion that allocative efficiency requires resources to be compensated in accordance with their productivity.

⁵ Kapstein, Ethan, Economic Justice in an Unfair World: Toward a Level Playing Field (Princeton, New Jersey: Princeton University Press, 2006), pp.35-36.

⁶ Smith, Adam, *The Wealth of Nations* (New York: The Modern Library, Random House, 1937), pp.581-582.

⁷ The sole exception, of course, is that any party to a purely voluntary relationship, unconstrained by contractual requirements to the contrary, is free to end their participation without anyone else's consent.

⁸ The strength of that incentive depends on the salience of that relationship to the parties involved. Even if a relationship is balanced, if it is of little significance to either party, the incentive it creates to avoid conflict arising from other causes will be weak.

⁹ The formation of the ECSC was the result of a proposal by Robert Schuman, the Minister for Foreign Affairs of France. This proposal was based on provisions in the Marshall Plan, the American plan for the postwar economic reconstruction of Europe. Rittberger, B. "Which Institutions for Post-War Europe? Explaining the Institutional Design of Europe's First Community", Journal of European Public Policy (2001: 8(5)), pp.673-708.

¹⁰ Dumas, Lloyd J., *The Conservation Response: Strategies for the Design and Operation of Energy-Using Systems* (Lexington, MA: D.C. Heath, 1976).